

Message Text

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ACTION EUR-08

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C O N F I D E N T I A L SECTION 1 OF 2 ROME 13482

LIMDIS

E.O. 11652: GDS
TAGS: MARR, NATO, IT
SUBJECT: ITALY AND AWACS

SUMMARY. INCREASING CRITICISM OF AWACS COSTS BY SOME MEMBERS OF THE ITALIAN PARLIAMENT HAS MADE DEFENSE MINISTER RUFFINI LESS SANGUINE ABOUT HIS CHANCES OF EXTRACTING SUPPLEMENTARY APPROPRIATIONS FOR THE PROGRAM. THE 24 BILLION LIRE COST OF THE AEGIS INTERFACE SYSTEM WILL AMPLIFY PARLIAMENTARY CRITICISM, ESPECIALLY SINCE ITALY SEEMS UNLIKELY TO RECOUP MUCH OF THAT COST. THESE CONSIDERATIONS, ACCORDING TO ONE MID-LEVEL OFFICIAL, MIGHT INDUCE RUFFINI TO POSTPONE SIGNING THE AWACS SOU IN SEPTEMBER-OCTOBER. TO COUNTERBALANCE CRITICISMS, OFFICIAL EMPHASIZED IMPORTANCE OF MOU AND AWACS "COMPENSATION" DISCUSSIONS WITH THE US. BUT ITALIANS DO NOT APPEAR TO HAVE MADE MANY PREPARATIONS TO DEFINE EXACTLY WHAT THEY SEEK IN THEM. END SUMMARY.

1. MINISTRY OF INDUSTRY (MOI) DIRECTOR OF ATLANTIC PACT
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OFFICE, CUZZONE, TOLD EMBASSY OFFICER THAT TWO MAJOR PROBLEMS FOR HIM, AND FOR MINISTER OF DEFENSE RUFFINI, WERE THE AWACS AND AEGIS PROGRAMS. RUFFINI HAS BEEN SUBJECTED RECENTLY TO MORE VOCAL CRITICISM ON AWACS FROM SOME MEMBERS OF THE ITALIAN PARLIAMENT, MOST PROMINENT AMONG WHOM IS THE CHAIRMAN OF THE CHAMBER OF DEPUTIES DEFENSE COMMISSION, FALCO ACCAME (PSI). ACCAME HAS DELIVERED HIMSELF

RECENTLY OF SEVERAL ARTICLES CONDEMNING ITALIAN PARTICIPATION IN AWACS AS A WASTE OF MONEY AND QUESTIONING THE UTILITY OF ITALY'S ADHERENCE TO THE PROGRAM. THESE CRITICISMS WEIGH ON RUFFINI SINCE HE MUST REQUEST SUPPLEMENTARY APPROPRIATIONS FROM PARLIAMENT TO PAY FOR ITALY'S PORTION OF THE PROGRAM. SHOULD HE BE DENIED THOSE FUNDS (A VERY REAL POSSIBILITY), HE WOULD HAVE TO SQUEEZE THE REQUISITE MONIES OUT OF AN ALREADY STRAITENED DEFENSE BUDGET. THE LATTER CHOICE IS SURE TO PLEASE NEITHER ACCAME NOR THE ITALIAN MILITARY.

2. FURTHERMORE, CUZZONE REMARKED, WHEN THE COST OF THE AEGIS INTERFACE SYSTEM FOR AWACS BECOMES KNOWN IT WILL INCREASE PARLIAMENTARY SNIPING. ITALY'S SHARE OF AEGIS COSTS IS CALCULATED AT 24 BILLION LIRE. SOME OF THAT EXPENSE WOULD BE RECOVERED BY ITALIAN INDUSTRY, BUT PROBABLY NOT ENOUGH TO MOLLIFY CRITICS. CUZZONE COMMENTED THAT OF THE AEGIS DOLS 160 MILLION COST, DOLS 80 MILLION WOULD BE SPENT IN EUROPE. ORIGINALLY EACH PARTICIPATING COUNTRY WAS TO DESIGN ITS OWN COMPONENT--RESPECTING CERTAIN COMMON NATO STANDARDS--FOR THE SYSTEM. NOW, HOWEVER, IT SEEMED THAT THE US WAS PUSHING IN THE NAPO HIGH-LEVEL GROUP FOR ONE OVERALL CONTRACTOR, AND THE SPECIFICATIONS FOR THE CONTRACTOR APPEARED TO BE TAILORED TO THE BOEING CORPORATION.

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3. BESET BY THESE PRESSURES, RUFFINI WAS UNDECIDED ON HOW TO PROCEED. MOD SECRETARY GENERAL MOIZO HAD

RECOMMENDED THAT RUFFINI NOT SIGN THE AWACS STATEMENT OF UNDERSTANDING, AS THAT WOULD COMMIT ITALY IRREVOCABLY TO THE PROGRAM. AMB. CATALANO, ITALY'S NATO PERMREP, HAD GOTTEN WIND OF MOIZO'S ADVICE, HOWEVER, AND HAD SENT RUFFINI AND OTHERS REPREATED MESSAGES SAYING HE REFUSED TO EMBARRASS HIMSELF OR HIS GOVERNMENT BY RENEGING ON A FIRM, PUBLIC COMMITMENT.

4. CUZZONE SAW THE UPCOMING DISCUSSION OF THE BILATERAL MEMORANDUM OF UNDERSTANDING ON DEFENSE COOPERATION, AND THE RELATED DISCUSSION OF AWACS OFFSET, AS THE WAY OUT OF THIS PREDICAMENT. (LISTS OF POSSIBLE PARTICIPANTS IN BOTH MEETINGS ARE BEING SENT SEPTTEL.) WITH AN MOU IN HAND COMMITTING BOTH GOVERNMENTS, NO MATTER HOW GENERALLY, TO IMPROVE THE CURRENT IMBALANCE IN DEFENSE PROCUREMENT, AND SOME ACKNOWLEDGEMENT THAT AWACS WOULD BENEFIT ITALY FINANCIALLY, RUFFINI COULD CONFRONT HIS CRITICS MORE CONFIDENTLY. CUZZONE WAS WORRIED, THOUGH, THAT TIME WAS SHORT FOR THE DISCUSSIONS. THE AUGUST
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DOLDRUMS WERE FAST APPROACHING; THE SOU WAS DUE TO BE SIGNED IN SEPTEMBER OR OCTOBER. HIS OWN MINISTER, CONAT-CATTIN, HAD NOT RESPONDED TO MOI PLEAS TO PUSH MOD ON PREPARING FOR THE DISCUSSIONS, NOR HAD DONAT-CATTIN SPURRED ITALIAN INDUSTRY TO DEFINE WHAT IT HOPED FOR FROM ANY AWACS OFFSET.

5. COMMENT: TO A LARGE EXTENT THE ITALIANS HAVE GOTTEN THEMSELVES INTO THIS PICKLE. MONTHS WENT BY WHILE MINISTRIES DITHERED OVER THE TEXT OF THE MOU AND ITS ANNEX. NO MATTER HOW SATISFACTORY ITS PREAMBULAR SENTIMENTS, THEY ARE OBJECTIVES WHICH ONLY NEGOTIATION CAN FILL IN, AND WHICH ONLY THE COURSE OF SEVERAL YEARS CAN MAKE FRUITFUL. AS TO AWACS, WE HAVE TOLD THE ITALIANS FROM THE BEGINNING THAT ITS BENEFITS TO THEM AS WELL AS TO THE ALLIANCE ARE NOT GAUGED BY OFFSET BY BY ENHANCED DEFENSE. WE HAVE ADDED THAT "COMPENSATION" IS A TERM ANATHEMA TO THE US CONGRESS. NEVERTHELESS, IT WAS OUR OFFER TO CONSIDER "GREATER RESEARCH AND PROCUREMENT" POSSIBILITIES WHICH CINCHED THE ITALIAN AGREEMENT TO PARTICIPATE. THE EMBASSY RECOMMENDS, THEREFORE, THAT NEITHER THE IMPORTANCE OF THAT OFFER, NOR THE PARLIAMENTARY POSITION OF THE MINISTER OF DEFENSE, BE DOWNPLAYED WHEN BOTH MATTERS ARE DISCUSSED IN WASHINGTON. GARDNER

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